

**Agenda  
Finance & Administration Committee  
January 10, 2013**



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**FINANCE & ADMINISTRATION COMMITTEE**

Mr. Marcel Acosta, Chair  
Mr. Alvin Nichols, Vice Chair  
Mrs. Catherine Hudgins  
Mr. Tom Downs  
Mr. Mortimer Downey  
Mr. James Dyke  
Ms. Muriel Bowser  
Mr. Michael Barnes  
Mrs. Mary Hynes  
Mr. Terry Bellamy  
Mrs. Artis Hampshire-Cowan  
Mr. William Euille  
Mr. Tom Bulger  
Mr. Anthony Giancola  
Ms. Kathryn Porter

**Washington  
Metropolitan Area  
Transit Authority**

600 Fifth Street, NW  
Washington, DC 20001  
202/962-1234

By Metrorail:  
Judiciary Square—Red  
Line  
Gallery Place-Chinatown—  
Red, Green and  
Yellow Lines  
By Metrobus:  
Routes D1, D3, D6, P6,  
70, 71, 80, X2



**Finance & Administration Committee**

**MINUTES OF DECEMBER 6, 2012**

**Minutes  
Finance and Administration Committee  
December 6, 2012**



Mr. Acosta called the meeting to order at 9:06 a.m. Present were:

**Committee Members**

Mr. Marcel Acosta, Chair  
Mrs. Catherine Hudgins  
Mr. Tom Downs  
Mr. Mortimer Downey  
Mr. James Dyke  
Mrs. Mary Hynes

Mrs. Artis Hampshire-Cowan  
Mr. William Euille  
Mr. Tom Bulger  
Mr. Anthony Giancola  
Ms. Kathryn Porter

The agenda was approved as presented.

Mr. Giancola moved, seconded by Mr. Bulger, approval of the minutes for the November 1, 2012 Finance and Administration Committee meeting. The minutes were unanimously approved.

**Information Items**

**A. Quarterly Capital Progress Update**

Staff presented the Committee with an overview of Metro's performance in executing the FY2013 Capital Program from both a project delivery and financial perspective. The presentation highlights several key projects that were delivered or progressed significantly during FY2013 first quarter.

**B. FY2014 Preliminary Capital and Operating Budget Update**

Staff provided an update on the FY2014 pro-forma budget, the Silver Line budget and schedule status, also briefed the Committee on Capital Improvement Program development and provided the FY2013 first quarter financial report for the Operating program.

The meeting was adjourned at 10:21 a.m.

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70, 71, 80, X2

*A District of Columbia,  
Maryland and Virginia  
Transit Partnership*



**Finance & Administration Committee**

**Information Item III-A**

**January 10, 2013**

**FY2014 Operating and Capital Budget  
Presentation**

**Washington Metropolitan Area Transit Authority  
Board Action/Information Summary**

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number:	Resolution: <input checked="" type="radio"/> Yes <input type="radio"/> No
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**TITLE**

General Manager's FY2014 and multi-year Operating and Capital Budgets

**PRESENTATION SUMMARY**

This presentation will provide the Committee with information outlining the General Manager and CEO's proposed FY2014 operating and capital budgets, as well as the multi-year business plan. Importantly, this presentation demonstrates how the Agency's budget provides the resources necessary to support business actions that achieve the Board's strategic plan goals.

Additionally, the presentation will include a detailed review of the \$1.65 billion operating budget, revenue and expenses, and project information for \$875 million capital budget requests in the "FY2014 Proposed Budget Book" to be distributed to the Board on January 10.

**PURPOSE**

The Finance and Administration Committee will be presented with the General Manager and CEO's proposed FY2014 Operating and Capital Budgets for consideration. This is the next step in the FY2014 budget process that follows prior reviews of ridership projections, revenue assumptions, and pro-forma budget presentations. The budget is offered for the Board's consideration, and the General Manager and CEO is recommending a series of three public meetings in the jurisdictions in February, as well as online comment collection, to provide the Board with public input so that Directors may consider the views of riders and stakeholders in their deliberations, prior to adopting a final budget proposal in the Spring.

## DESCRIPTION

### Key Highlights

The proposed FY2014 operating and capital budgets and multi-year plans support the agency's recently endorsed Strategic Plan and goals by funding key Business Plan priorities and actions including:

- Final preparation and implementation of Silver Line revenue service
- Continuation of rail frequency as defined in the Board approved Rail service standards
- Continued aggressive rehabilitation of the Red, Orange and Blue rail line segments
- Continued implementation of the Bus Priority Corridor Network and State of Good Operations
- Introduction of a new business model to maintain quality Access services
- Replacement of the oldest buses and rail cars

In addition to more bus and rail service that are provided for in the operating budget, the plan includes certain new initiatives, including the implementation of a Fatigue Management Risk System, initial design work for the next generation of in-system customer communications, capital investment to plan for future system capacity needs including 8-car trains and station expansion, implementation of efficiencies based on a third-party review, and development of a succession plan.

The General Manager's budget proposal does not recommend a fare increase in FY2014.

## Background and History

When the Board adopted the FY2013 Budget in May last year, it provided clear direction to guide Metro's FY2014 budget development and multi-year planning, linking business planning and financial planning. Attachment E of the approved budget states, in part:

### *Multi-year business and financial planning*

- *Provide the Board with tools and information to support multi-year decision making*
- *Align investment decisions with Metro's Strategic Plan*
- *Link operating and capital investment decisions*
- *Introduce Business Planning to the budget process*

*Definition: Business plans are mid-term (two to three year) strategic plans at the department level containing multi-year, measurable strategies and initiatives to focus the organization on achieving its objectives and goals.*

### Business Plan

The General Manager's Business Plan provides the organization with Strategic Plan implementation priorities for the next three years; outlines actions to achieve those priorities; and provides measures to monitor our success, make course corrections if necessary, and provide the Board and public with a transparent and accountable framework. It also identifies multi-year investments that will deliver improvements in the next three years.

The Business Plan provides the organization with a framework to link employees' day-to-day activities with agency goals and aligns their actions with the strategies and initiatives of their departmental business plans. The table on the next page details some of the priority actions contained in the Business Plan and demonstrates the alignment with the Goals of the Strategic Plan.

Strategic Plan Goals	Build and maintain a premier safety culture and system	customer expectations by consistently delivering quality service	Improve regional mobility and connect communities	Ensure fiscal stability and invest in our people and assets
Business Plan Priorities				
Implement Fatigue Risk Management System (FRMS)	✓			✓
Continue Implementation of Bus Priority Corridor Network		✓	✓	
Rehabilitation and Replacement Work on the Red Line		✓	✓	✓
Maintain quality MetroAccess service through a new contract structure		✓	✓	✓
Prepare for opening of Silver Line revenue service		✓	✓	✓
Expand Capacity for 8-Car Trains		✓	✓	
Replace oldest buses and railcars		✓		✓
Implement Succession Planning				✓

### Business Plan Actions

Metro is pursuing the eight business action priorities above that directly support the four goals contained in the Strategic Plan.

#### **Goal - Build and maintain a premier safety culture and system:**

1. Implement Fatigue Risk Management System (FRMS)  
Fatigue is a concern for some employees in today's operating environment. In our ongoing efforts to improve the health and safety of our employees, and to operate and maintain a safe, reliable and effective transit system, we have contracted with the Institutes for Behavior Resources (IBR) of Baltimore to help develop a new Fatigue Risk Management System (FRMS). This scientifically based, data-driven process will be used to continuously monitor and manage fatigue risks. An FRMS is intended to be implemented within our agency's safety management system. The FMRS will guide Metro's approach to manage worker fatigue in the future.

The current budget includes \$17 million to fund the first two



phases of the plan, ensuring staffing levels match work load and program delivery commitments for track workers, rail operators, Automatic Train Control (ATC), and Power workers. We will be refining our plan later this year with the completion of the FMRS.

**Goal - Meet or exceed customer expectations by consistently delivering quality service:**

**2. Continue Implementation of Bus Priority Corridor Network**

The Bus Priority Corridor Network (PCN) was approved by the Board of Directors in 2008. It identifies 24 corridors and each year since 2008 improvements have been initiated on specific routes within the network. Benefits include improved bus service travel times, reliability, capacity, productivity and system access.

In FY2013, \$3 million was invested in four of the corridors and an additional \$4.4 million is proposed in the GM/CEO's FY2014 budget request. These improvements will generally expand service in the midday, early evenings and weekends. The PCN includes the introduction of new limited-stop MetroExtra routes on three new travel corridors and conversion of four existing routes to limited-stop MetroExtra service changes that will provide more frequent service, additional capacity, and expanded hours of operations benefiting more than 150,000 customers.

Additionally, \$3 million will be invested in other corridors of service to focus on overcrowding and improving on time performance.

**3. Perform Aggressive Rehabilitation and Replacement Work on the Rail Line Segments**

To improve productivity, ensure safety, and minimize customer impact, Metro launched a line-based rail maintenance approach in 2009. Under this new approach, work was coordinated by location and between contracted

and Metro employees enabling more work to be completed in a shorter timeframe at a lower cost. Maintenance work within the line is being prioritized by age and condition of asset. Future Line contracts will be broken down more by discipline and station location with some contracts awarded as Indefinite Quantities to enable quick reaction to available work windows and locations.

Typical maintenance work includes replacement of traction power equipment, ATC equipment, rail, ties, fasteners and switches. Station infrastructure work focuses on station chiller rehabilitation, ceiling tile replacement, platform rehabilitation, and elevator rehabilitation and escalator replacement.

Over the next six years, Metro will invest nearly \$600 million in line segments including the Red, Orange, and Blue lines. Additionally, Metro will be completing construction of the test track facility between College Park and Greenbelt rail stations in FY2015. The project includes over 10,000 feet of test track and a 25,000 square foot facility which will be used to test and commission new and rehabilitated rail cars on dedicated track avoiding interruption of revenue service on the main lines.

4. Maintain quality MetroAccess service through a new contract structure

Metro faces the challenge of providing service for a growing number of customers with disabilities while trying to contain the high cost of providing paratransit service. A key component of preparing the agency to serve even greater numbers of customers expected in the future is the implementation of a new paratransit contract. This new contract will be structured to ensure that it is performance-based and efficient. An essential component of contract selection will be the ability of the service provider to maintain on-time performance.

Metro will invest approximately \$108 million in FY2014 to operate, maintain, and purchase equipment and vehicles to support the delivery of Access services.

**Goal - Improve regional mobility and connect communities:**

**5. Prepare for opening of Silver Line revenue service**

Currently under construction by the Metropolitan Washington Airports Authority (MWAA) is a 23-mile extension of the existing Metrorail system, from East Falls Church to Washington Dulles International Airport west to Ashburn. Operated by Metro, the Silver Line will provide a one-seat ride from Dulles International Airport to downtown Washington.

The project is being built in two phases. Construction of the first phase to Wiehle Avenue, with 11.5 miles and 5-stations, is nearing completion and operation of the new line is scheduled to commence in late 2013.

Since 2010, Metro has been preparing to assume operation of the first phase of the Silver Line. Key activities include designing and building the new 7000 series railcars; guiding station naming with an updated Board policy and public input; redesigning the Metrorail map; preparing the service plan; launching a communication campaign; developing staffing plans and beginning the three to six month process to recruit and train approximately 461 new staff required for operation (IT specialists, maintenance and operations personnel); and, finally, conducting the necessary integration, testing, commissioning and safety certification prior to revenue service. In the case of the 26 new Metro Transit Police Officers, recruits undergo extensive training in all three jurisdictions to attain the necessary Tri-State certification as a police officer. Metro Transit Police Officer recruits are all on-board and training is on schedule.

In FY2014, Metro will expend \$50 million in operating costs

to complete preparations and operate six months of revenue service on the Silver Line. In FY2015, Metro will be operating revenue service year-round with an annual operating cost of approximately \$55 million. This includes the extension to Largo and enables Metro to maintain the service standards as adopted by the Board.

6. Expand Capacity for 8-Car Trains

Currently, Metro delivers both 6-car and 8-car trains during peak periods. To meet increasing ridership demand and alleviate overcrowding, Metro is planning to increase the usage of 8-car trains. This shift requires additional investment in four key areas:

- (i) electrical system that powers trains
- (ii) additional railcars
- (iii) rail yard storage and maintenance capacity
- (iv) improved station access and increased capacity

Increases in the power supply capacity of the traction-power system are necessary to expand the use of 8-car trains. Specific upgrades include additional transformers, rectifiers, breakers, track feeder cables and negative return cables. These upgrades are required to ensure that 8-car trains can operate without risk of an overload to the power system which could cause damage to the power equipment, cabling and/or trains.

Metro will invest over \$40 million in the six year period from FY2014-2019 to continue the upgrade in the infrastructure necessary to accommodate more 8- car train service.

**Goal - Ensure fiscal stability and invest in our people and assets:**

**7. Replace oldest buses and railcars**

Metro maintains its vehicle fleet through a comprehensive rehabilitation and replacement program. The Metrobus Heavy Overhaul program has been so successful at extending the useful life of a transit bus that the Board of Directors raised the expected service life of a bus from the typical industry standard of 12 years to 15 years and set the target average age of the fleet at 7½ years. The useful life of a Metrorail car is 40 years. Metro's improving vehicle maintenance program is essential to providing a safe and reliable ride for our customers.

Metro will invest over nearly \$2 billion over the next six years to acquire new Rail, Bus, Access and service vehicles and keep the existing fleet in a state of good operation and repair.

**8. Implement Succession Planning**

Succession planning is a process whereby Metro ensures that employees are recruited and developed to fill key roles within the agency. Through this process we can recruit the best and brightest employees, develop their knowledge, skills, and abilities, and prepare them for advancement or promotion into ever more challenging roles. Effective succession planning builds bench strength ensuring that we have employees on hand, ready and waiting to fill new roles as parts of the agency change or expand or when employees in key roles are promoted, retire or resign.

**Funding the Business Plan – FY2014-2016 Revenue Forecast Update**

Based on ridership and revenue performance through the first five months of FY2013, an assessment of the impacts of the American Taxpayer Relief Act of 2012, and revised assumptions related to federal grant revenues, Metro has updated its multi-year revenue

forecast. The impacts of the updated forecast have been incorporated into the multi-year plans for the operating and capital programs, and both programs have been revised accordingly.

- Forecasted passenger fare revenues for FY2014 have been revised downward as Metro resets its baseline to reflect the current environment of lower rail ridership resulting from greater than anticipated elasticity related to the July 2012 fare increase, increases in the use of alternative commuting options such as telework, and economic uncertainty related to sequestration and the debt ceiling. Congressional action to increase the federal transit benefit to \$240 per month is projected to reduce the rate of ridership loss experienced in the first five months of FY2013 and has a positive impact on the FY2014 and multi-year ridership and projections. Metro is projecting passenger revenues to be \$14 million lower than projected in October.

Congress also acted to restore the compressed natural gas (CNG) tax credit retroactively to January 1, 2012, and extend it through the life of the new tax Act (December 31, 2013). This has a \$1.7 million positive impact on FY2014 expenditures.

The updated three-year revenue forecast continues to forecast growth in both bus and rail ridership in FY2015 and FY2016 as a result of steady regional job growth and population growth within the District of Columbia.

- The MAP-21 Transportation Authorization, signed into law in 2012, introduces a change in the allocation methodology for federal transit funding. As compared to the previous authorization SAFETEA-LU, MAP-21 shifts federal transit funding toward formula grant programs – a favorable change for agencies with Metro’s operating profile. The proposed FY2014 capital budget and the proposed FY2014-2019 CIP financial plans include more favorable projections of federal formula program funding. The six-year plan projects that Metro’s allocation of federal formula funding will increase from approximately \$238 million in federal fiscal year 2012 to \$273

million per year in federal fiscal year 2013 through federal fiscal year 2018. Due to the current financial uncertainty at the federal level, these projections will need to be refined before budget adoption.

- The proposed FY2014-2019 CIP also includes an updated projection of federal Passenger Rail Investment and Improvement Act (PRIIA) funding. The updated plan assumes a reduction of \$12 million of the expected annual PRIAA appropriation in both FY2014 and FY2015 in anticipation of the impact of Sequestration.

#### GM & CEO's Proposed Operating Budget

Over the last six months, Metro has engaged the Committee in a series of discussions and presentations outlining a mitigation plan to offset a projected \$76 million year-over-year increase to the Jurisdictional Contribution in FY2014. As stated on the previous page, the December revenue forecast is \$14 million lower for FY2014, adding to a potential gap and need for additional Jurisdictional contributions.

The GM/CEO's budget request includes actions to offset all but \$27 million of this combined \$90 million deficit and does so without impacting existing service levels. In fact, the proposed budget includes important new initiatives that improve worker and customer safety, increase bus service, make necessary modifications to the Silver Line service, and introduces three new initiatives with a positive return on investment within three to six years.

Metro is focusing on reducing the growth in our expenses and lowering our cost of providing service. Our Business Plan identifies the initiation of an efficiency review to augment our efforts and identify new opportunities to gain efficiencies and reduce the growth in our costs.

#### Capital Program Summary-

The proposed FY2014-2019 Capital Improvement Program (CIP) is a \$5.2 billion capital investment plan focused on safety and the rebuilding of the Metro system. More than 92 percent of the planned

investment is focused on safety, rehabilitation and replacement of Metro's infrastructure, facilities, equipment, railcars, buses, and paratransit vehicles. The proposed FY2014-2019 CIP also includes initial investments to plan for and initiate key future system capacity needs.

The proposed FY2014-2019 CIP reflects updated project delivery assumptions and cost estimates, as well as an updated six-year financial plan that contains revisions to anticipated Federal aid resulting from Sequestration and MAP-21. The proposed CIP investment plan is balanced to forecasted capital funding and is consistent with the terms of the Capital Funding Agreement (CFA) among Metro and the jurisdictions.

In accordance with the Capital Funding Agreement, Metro has delivered to the jurisdictions the proposed Annual Work Plan detailing planned capital investments for the period FY2014 through FY2019. The Annual Work Plan forms the basis for the proposed FY2014 capital budget and FY2014-2019 CIP.

The Capital Needs Inventory (CNI), last updated in FY2012, is the foundation and source for the projects included in Metro's Proposed FY2014-2019 CIP. The current \$13 billion CNI is a prioritized list of Metro's investment needs for the ten year period from FY2011 through FY2020. The CNI is prioritized based on Metro's strategic goals and with an emphasis on safety and rebuilding the Metro system to reverse years of underinvestment in the system. A comprehensive CNI update is scheduled for summer 2013.

Major planned safety, rehabilitation, and replacement investments in the FY2014-2019 Proposed CIP include:

- Safety improvements and implementation of NTSB Recommendations, including, but not limited to examination and replacement of track circuits upgrade of train control software system
- Comprehensive rehabilitation and replacement of track and rail structures to achieve a state of good repair and a steady state of maintenance.
- Replacement, rehabilitation and repair of railcars



- Replacement 1000 Series Railcars (300 railcars)
  - Replacement 4000 Series Railcars (100 railcars)
  - Initiate replacement of 2000/3000 series railcars (beginning in FY2018)
  - Initiate rehabilitation of 5000 series railcars (beginning in FY2017)
- Replacement, rehabilitation and repair of buses
  - Replacement of approximately 100 buses per year
  - Rehabilitation of approximately 100 buses per year
- Replacement of MetroAccess vehicles – approximately 150 vehicles per year
- Completion of the new District 2 police substation and training facility and the special operations division facility
- Rehabilitation of rail line segment infrastructure
  - Red Line Rehabilitation: Stages 1 & 2
  - Orange/Blue Line Rehabilitation: Stage 1
- Replacement of Southern Avenue and Royal Street bus facilities
- Rehabilitation of rail yards (Alexandria, Brentwood, and New Carrollton) and bus facilities (Western, Northern, Landover)
- Modernization of Metro's fare collection infrastructure and technology
- Replacement and rehabilitation of escalators – approximately 175 escalators during FY2014-2019
- Rehabilitation of elevators – approximately 57 elevators during FY2014-2019.

The proposed FY2014-2019 CIP also includes approximately \$150 million for the replacement and upgrade of Metro's radio system infrastructure to comply with an unfunded Federal Communications Commission (FCC) mandate that requires Metro to relocate to a new radio frequency band. The proposal includes approximately \$150 million in additional long-term financing to support the project, pending the identification of another funding source.

While the focus of the FY2014-2019 investment plan continues to be on safety improvements and the rebuilding and replacement of the existing system, Metro is also planning and preparing for future

capacity investments. The FY2014-2019 proposed CIP includes a number of significant investments to identify, plan, and initiate future projects:

- Preliminary investment to initiate the acquisition of 90 expansion railcars to expand Metrorail system
- Phased investment in power system infrastructure upgrades to support future 8-car train operation
- Station capacity and access improvements at Gallery Place and Union Station
- Additional buses to reduce overcrowding and improve on time (45 expansion buses in FY2017-2019)
- Continued investment in planning and project development for core and station capacity projects

## ALTERNATIVES

**FUNDING IMPACT** - This budget proposal represents a \$2.53 billion investment in FY2014.

## TIMELINE

<b>Previous actions</b>	<p>September, 2012 – Committee was provided with preliminary budget assumptions, risks and process for development of the FY2014 budget and multi-year plan</p> <p>October, 2012 – Committee was provided with a revenue forecast update to inform the development of FY2014 budget and multi-year plan</p> <p>November, 2012 – Committee was provided with an update on the Business Planning Process</p> <p>December 2012 – Committee was provided with a pro-forma budget and detail on new initiatives</p>
<b>Anticipated actions after presentation</b>	<p>February, 2013 Pension assessment discussion and public meetings in the three Jurisdictions</p> <p>March, 2013 Third quarter financial performance</p> <p>April, 2013 Public Outreach discussion and Budget Discussion</p>

## ELECTRONIC ATTACHMENTS

Budget presentation is attached

## OTHER SUPPORT MATERIALS

FY2014 Budget Book provided to Board



# **WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

## **FY2014 Operating and Capital Budget Presentation**

Finance and Administration Committee

January 10, 2013



## PURPOSE

To present the General Manager's proposed FY2014 budget in support of the business plan and Board endorsed Strategic Goals



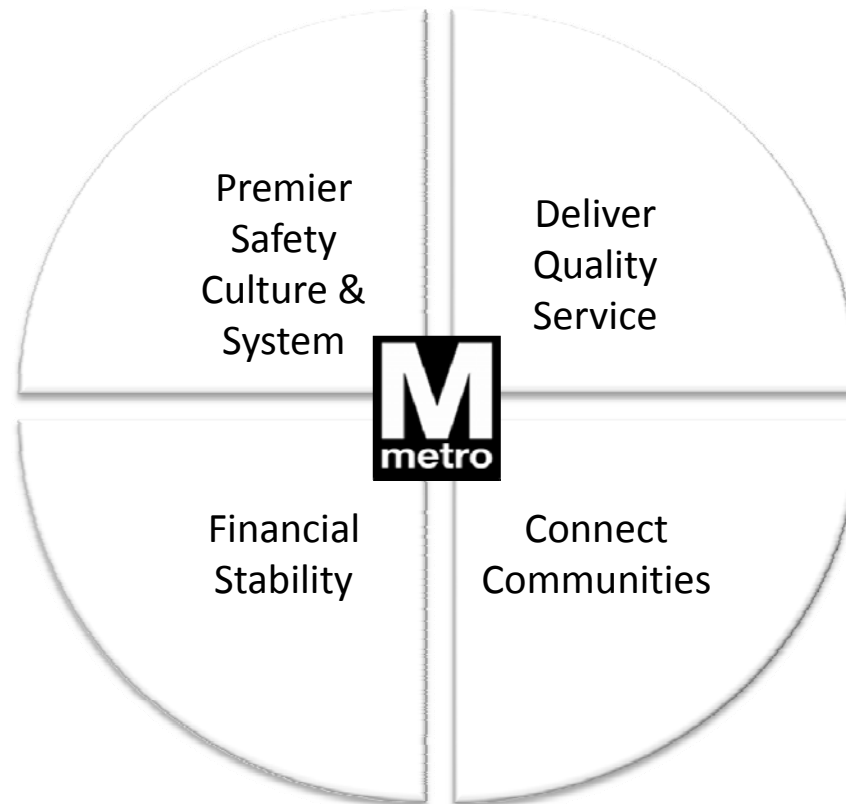
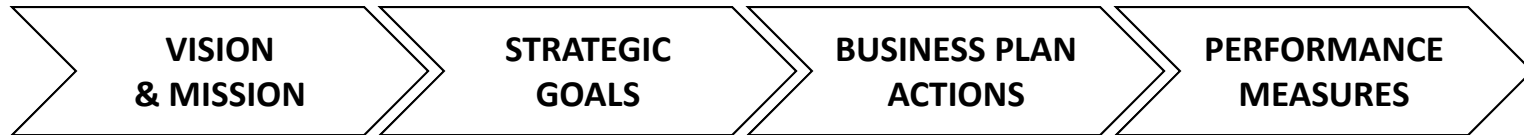
# THE NEXT GENERATION OF METRO

*Our Vision: Metro moves the region forward by connecting communities and improving mobility for our customers.*

*Our Mission: Metro provides safe, equitable, reliable and cost-effective public transit.*

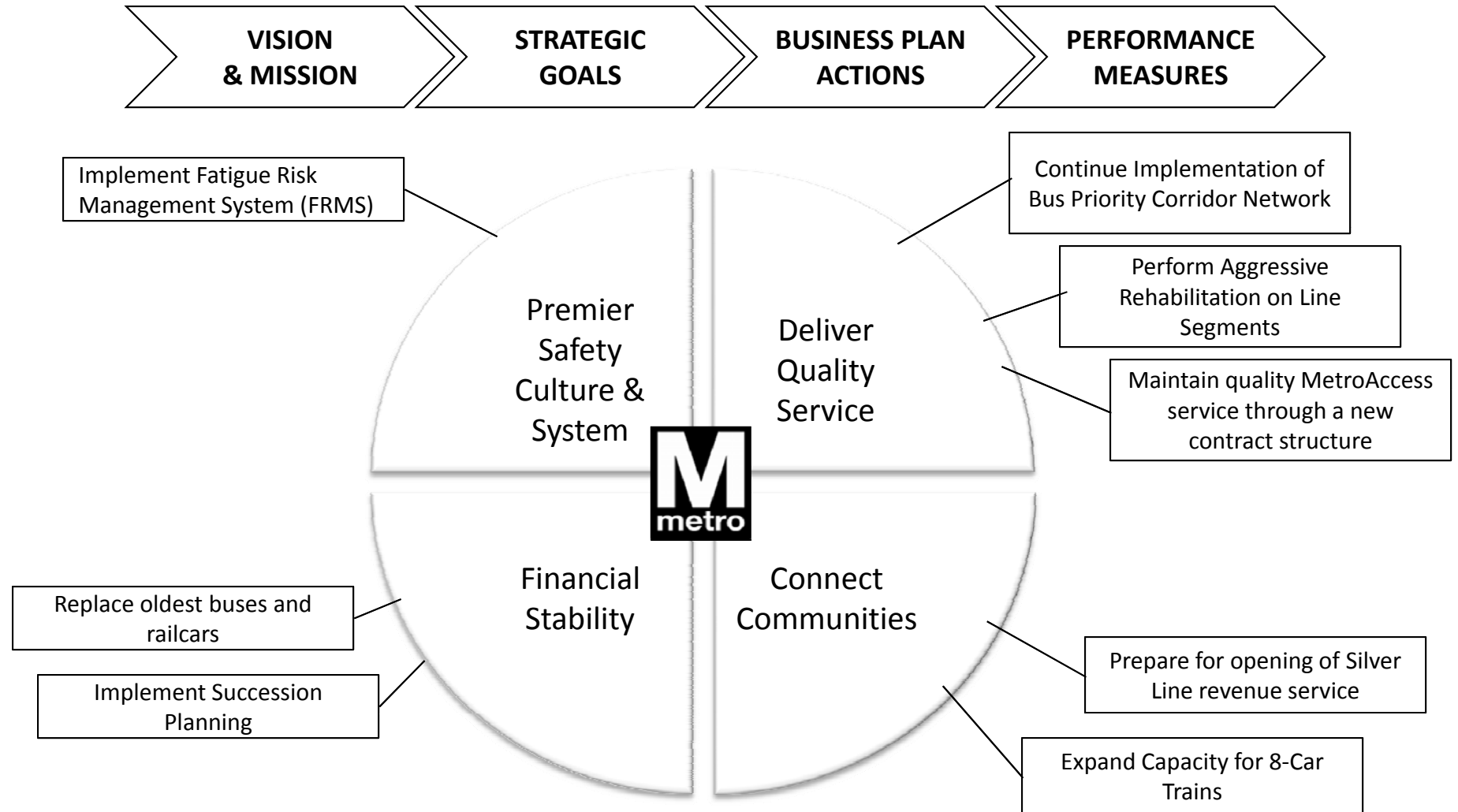


# THE NEXT GENERATION OF METRO STRATEGIC GOALS





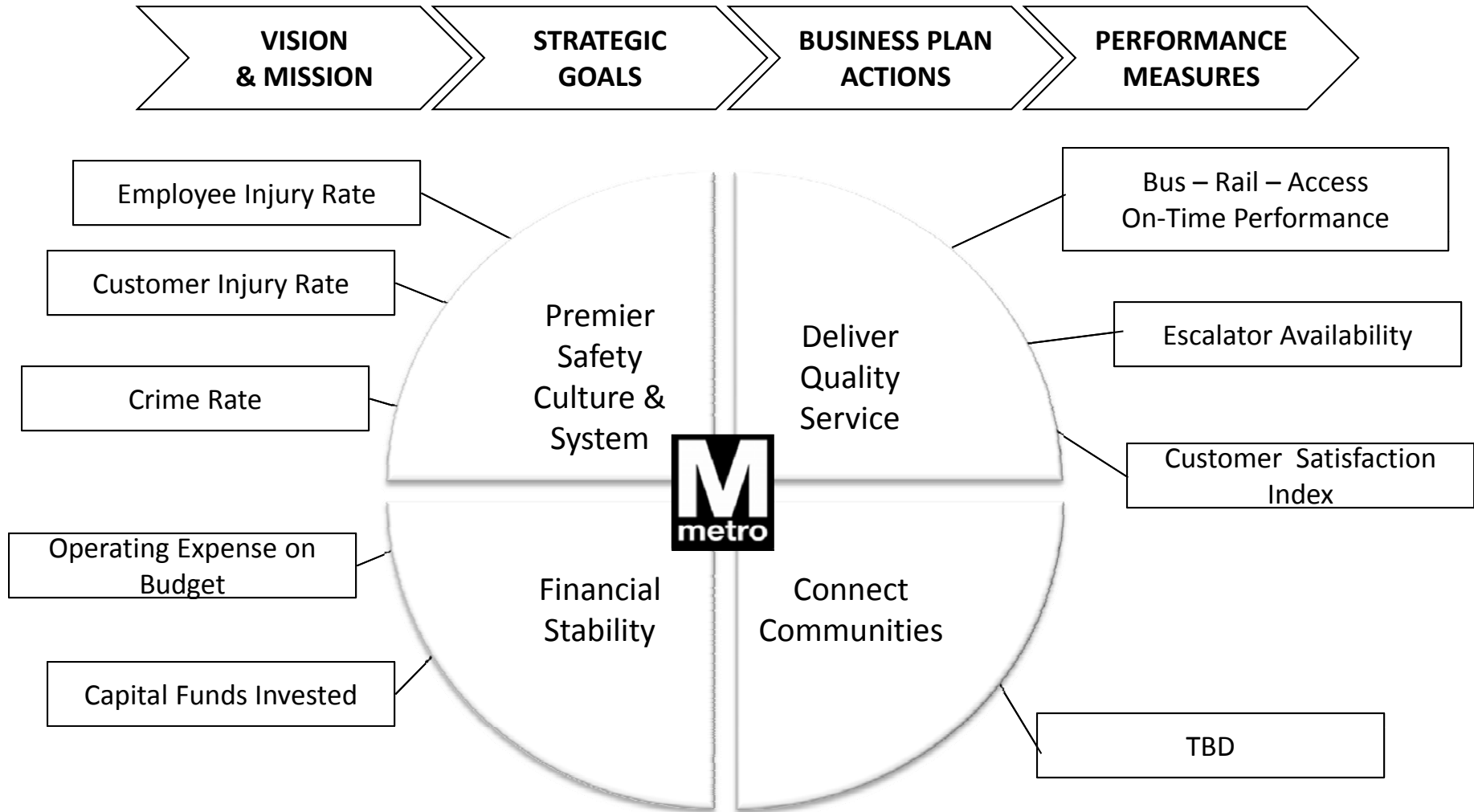
# THE NEXT GENERATION OF METRO BUSINESS PLAN ACTIONS





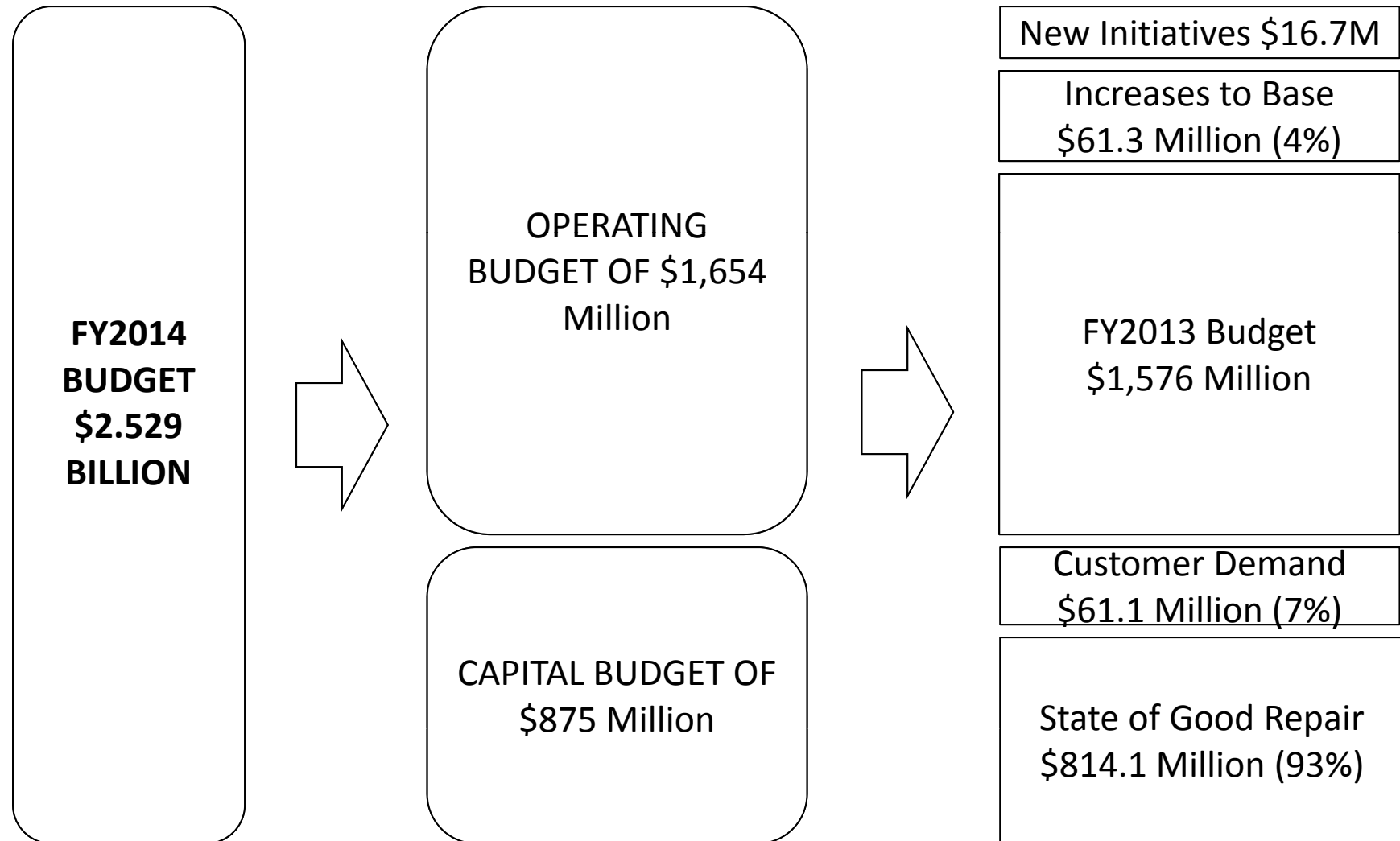


# THE NEXT GENERATION OF METRO PERFORMANCE MEASURES





# RESOURCES TO SUPPORT BUSINESS PLAN





# REVENUE FORECAST UPDATE

FY2013 YTD Rail revenue 3-4% below budget

- FY2013 total revenue impact -\$20 million
- Bus revenue flat and Access revenue up slightly

FY2014 total revenue lower by \$14 million

- American Taxpayer Relief Act of 2012 restored transit subsidy to \$240/month
- Still feeling impacts of federal benefit “clawback” and off-peak fare increase
- Parking revenue impacted by loss of rail ridership
- Advertising up slightly in FY2014

FY2015 and FY2016

- Projected steady ridership growth due to improving employment and population growth

FY2017 and Beyond

- Conservative growth rate assumed after FY2016



## REVENUE MITIGATION ACTIONS

Metro will take actions to mitigate \$14 million change in FY2014 revenue forecast

ACTIONS	AMOUNT
Actuarial Pension Adjustment	\$5.0 Million
Management Efficiencies	\$7.3 Million
CNG Credit	\$1.7 Million
<b>TOTAL</b>	<b>\$14.0 Million</b>



# FY14 BUDGET IN DETAIL

In Millions of Dollars		BUDGET FY2013	BUDGET FY2014	FY13 VS FY14	
				\$	%
Passenger & Parking Fares		828	845	16	2.0%
Other Revenue		45	47	2	3.4%
<b>TOTAL REVENUE</b>	<b>A</b>	<b>874</b>	<b>892</b>	<b>18</b>	<b>2.1%</b>
Payroll		765	798	32	4.2%
Pension		124	139	15	12.2%
Health & Other Benefits		235	246	11	4.6%
Non-Personnel Costs		452	472	20	4.4%
<b>TOTAL EXPENSES</b>	<b>B</b>	<b>1,576</b>	<b>1,654</b>	<b>78</b>	<b>5.0%</b>
Preventive Maintenance	C	(31)	(31)		
Operating Reserve	D	(2)	(30)		
<b>OPERATING BUDGET</b>	<b>E=B+C+D</b>	<b>1,543</b>	<b>1,593</b>	<b>50</b>	<b>3.2%</b>
<b>GROSS SUBSIDY</b>	<b>F=E-A</b>	<b>669</b>	<b>701</b>	<b>32</b>	<b>4.8%</b>
Debt Service and Other	G	37	33		
<b>NET SUBSIDY</b>	<b>H=F+G</b>	<b>707</b>	<b>734</b>	<b>27</b>	<b>3.9%</b>



## FY2014 RISK

- Labor (COLA)
- Benefits
- Paratransit
- Energy and fuel prices
- Weather impact on revenues
- Sequestration
- Mode shift away from rail, telework, reduced commute



# MULTI – YEAR FINANCIAL PLAN

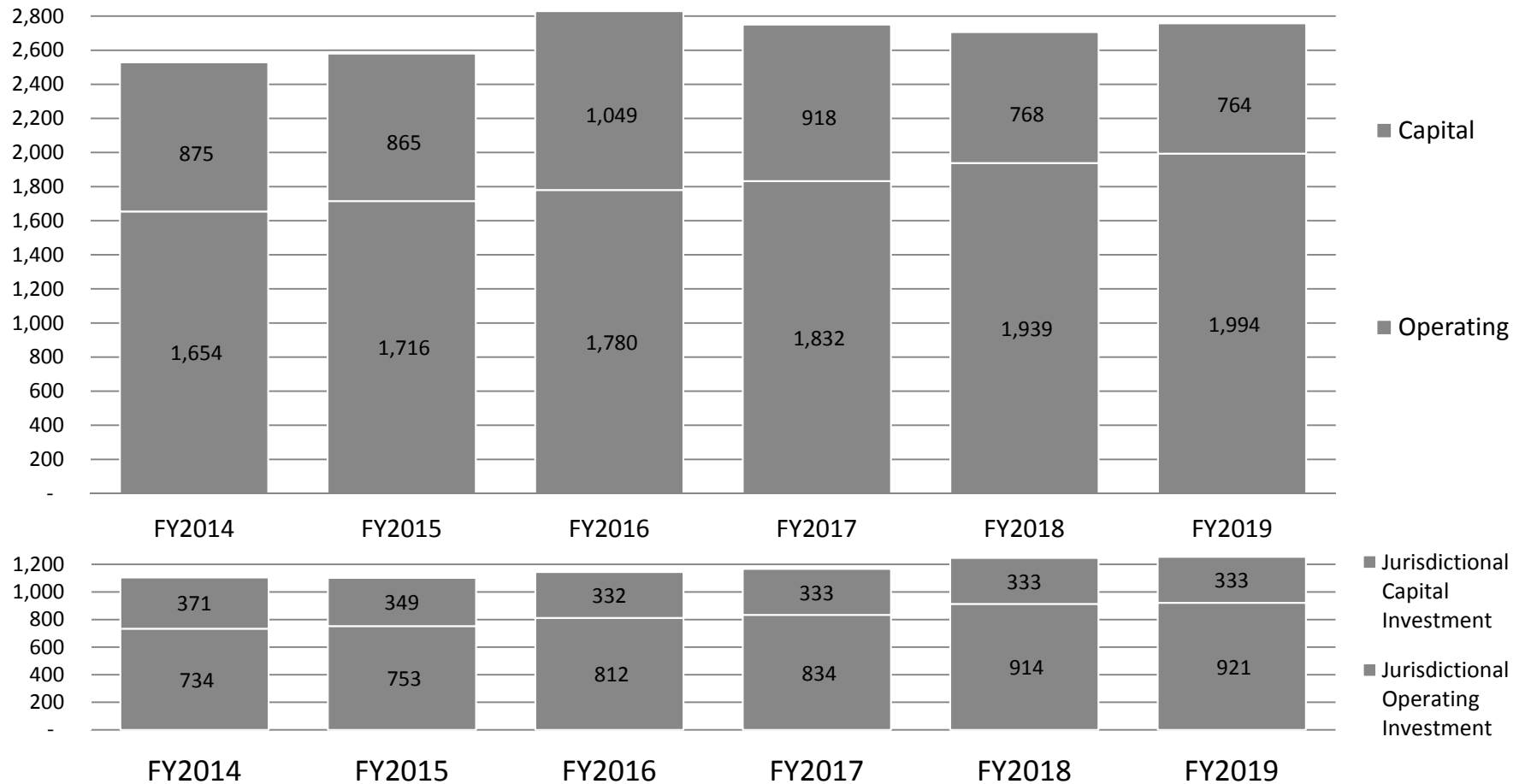
## 3 & 6 YEAR OPERATING PRO FORMA

In Millions of Dollars		BUDGET	3 YEAR FORECAST			6 YEAR FORECAST		
		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
TOTAL REVENUE	A	874	892	962	993	1,038	1,065	1,113
OPERATING BUDGET	B	1,576	1,654	1,716	1,780	1,832	1,939	1,994
PREVENTIVE MAINTENANCE - DEBT SERVICE - OTHER	C	4	(28)	(1)	25	39	40	40
NET SUBSIDY	D = B-A+C	707	734	753	812	834	914	921
COST RECOVERY	E = A/B	55%	54%	56%	56%	57%	55%	56%



# MULTI YEAR PLAN AND JURISDICTIONAL INVESTMENT FY2014 - FY2019

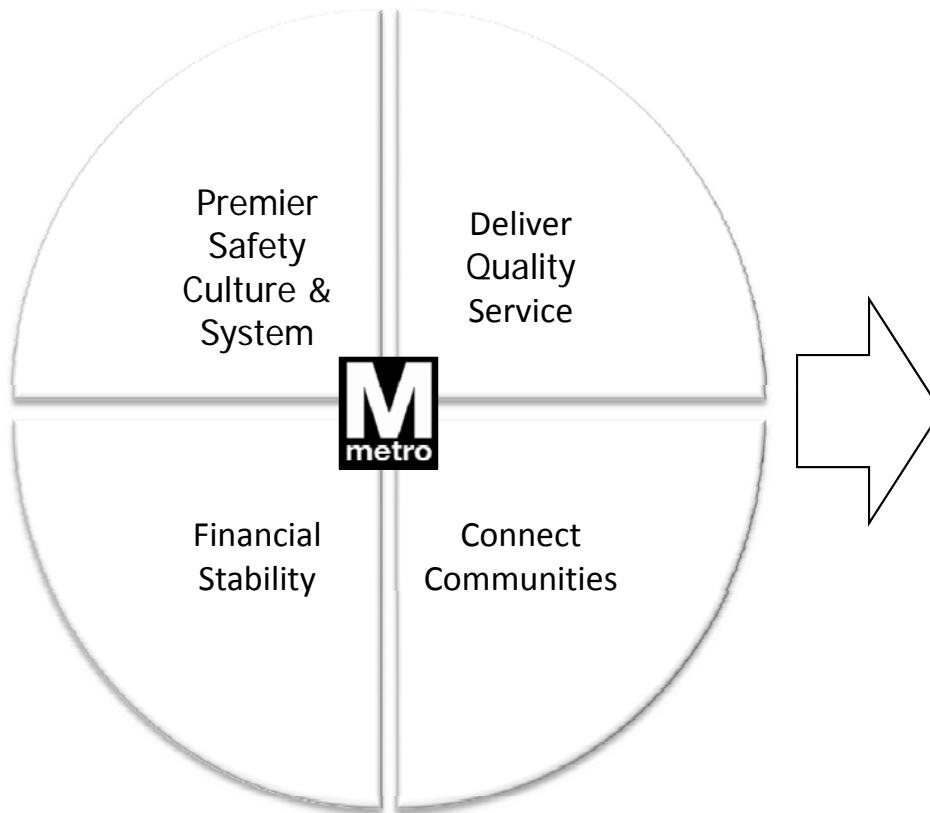
(\$ in millions)







# FY2014-2019 PROPOSED INVESTMENTS WILL ADVANCE STRATEGIC GOALS



## Planned FY2014-2019 Investments

Safety – NTSB Recommendations

New 7000 series railcars

Purchase Bus and Access Vehicles

Bus and Railcar Rehabilitation

Rebuilding Red & Orange/Blue  
Lines

Track and Structure Rehabilitation

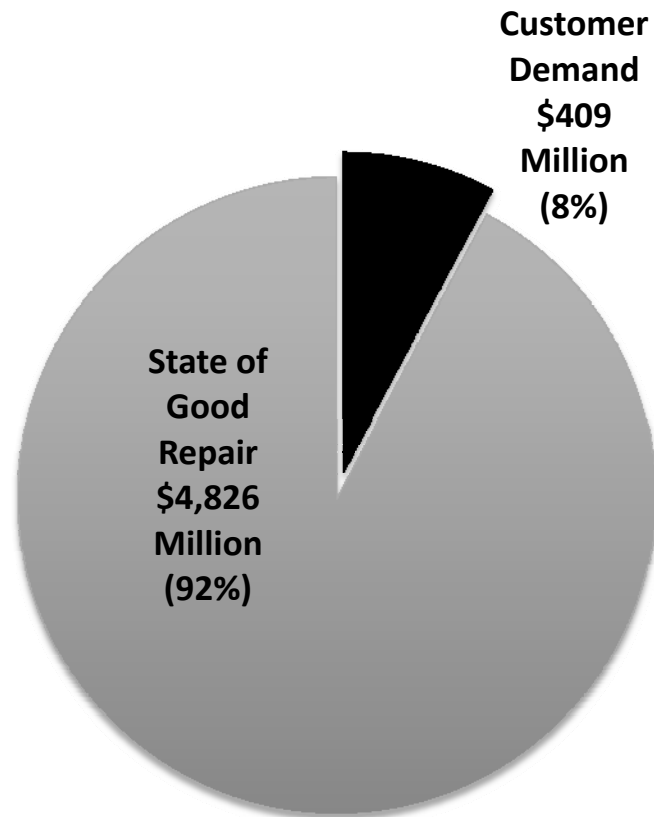
Escalators and Elevators

New maintenance facilities

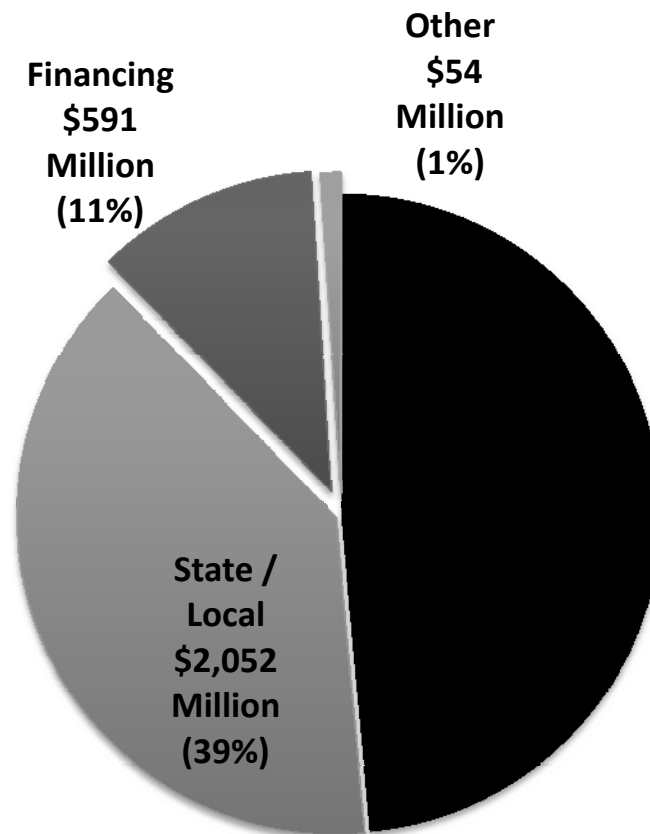


# FY2014-2019 CIP SOURCES AND USES (\$5.23 Billion)

## Investments




## Sources





# FY2014-2019 CAPITAL INVESTMENT REBUILDING THE SYSTEM

## Safety & State of Good Repair

- NTSB Recommendations
  - Train control system software upgrade
  - Bus, Rail, and Access Vehicle Replacement
  - Escalator and Elevator Rehabilitation and Replacement
  - Aggressive Track and Structures Rehabilitation
- 
- A black and white photograph showing several workers in hard hats and safety vests working on a set of railroad tracks. They appear to be performing maintenance or construction work on the tracks and ties.
- Station Rehabilitation Program
  - Replacement Bus Facilities



# FY2014-2019 CAPITAL INVESTMENT PREPARING FOR THE FUTURE

## Customer Demand & System Enhancements

- Phased investment to advance 8-Car Power Upgrades
- Out-year incremental Bus Fleet expansion
- Provide initial investment for 90 Expansion Railcars
- Improve Station Capacity at two core high ridership stations
- Advance New Electronic Payment Program
- Plan additional Core Capacity projects
- Prepare for Next Generation Customer Communications



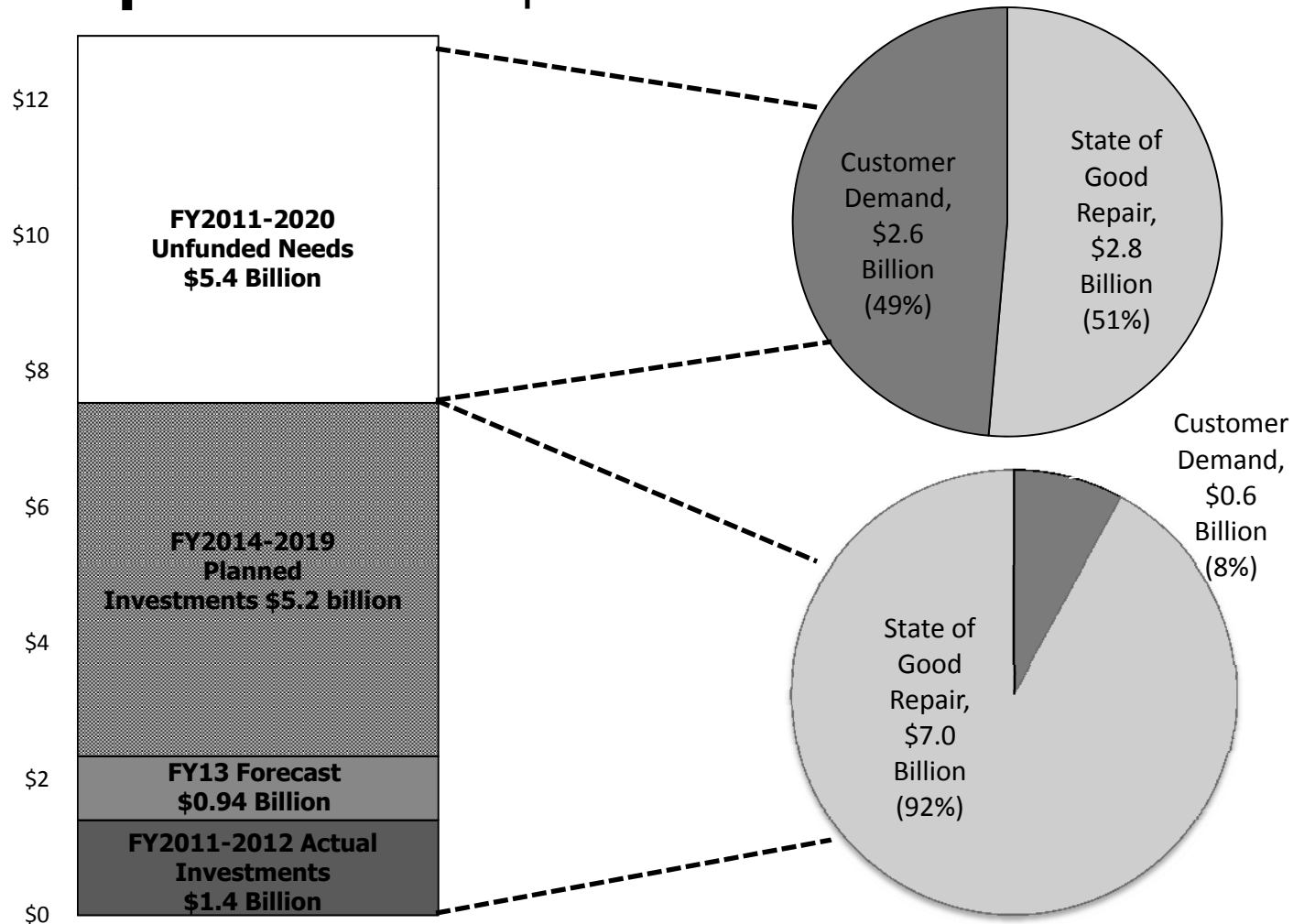


# CAPITAL NEEDS

## FY2011-2020 Capital Needs - \$13 Billion

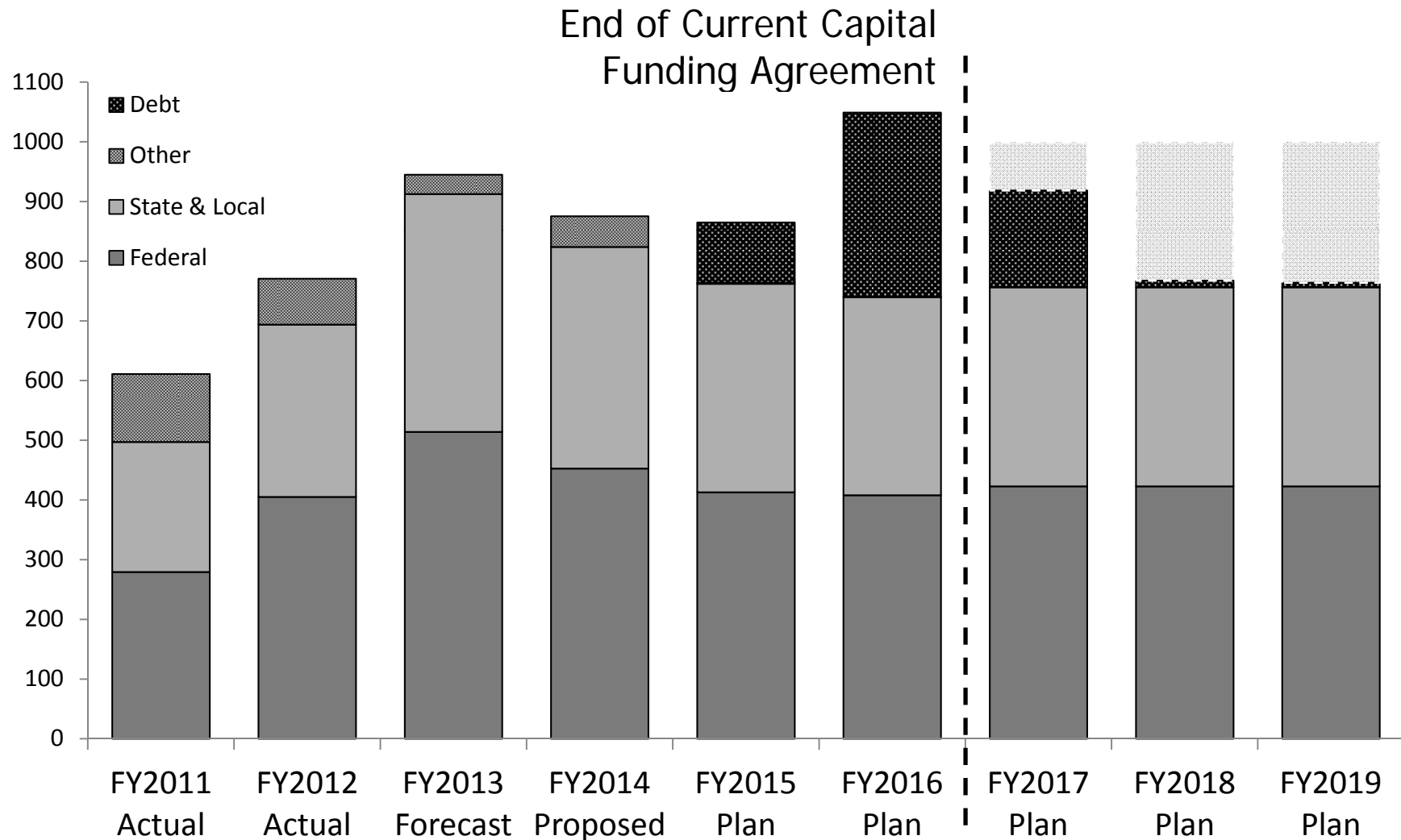
Capital Needs  
In Excess of  
FY2011-2019  
Funding -  
\$5.4 billion

Projected  
FY2011-2019  
Investments  
with Sustained  
Funding -  
\$7.6 Billion





# CAPITAL IMPROVEMENT PROGRAM FY2011 – FY2019 PLAN





## NEXT STEPS

### **January 2013**

- FY2014 Operating and Capital Budget presentation

### **February**

- Pension assessment
- Stakeholder outreach

### **March**

- 2<sup>nd</sup> Quarter Capital and Operating Results
- Stakeholder outreach

### **April**

- Outreach Report
- Budget Adoption



# APPENDIX





# OPERATING SUBSIDY BY JURISDICTION

Data  
Pending

Preliminary Subsidy Allocation Values for FY2014								
<i>Values Below Are Expected to Change in Subsequent Updates</i>								
M. Schofield - OMBS								
		Proposed						
<i>(\$ millions)</i>	FY 2013 Subsidy	FY 2014 Subsidy	Metrorail	Metrobus	Regional	Non- Regional	Metro Access	Debt Service
District of Columbia	\$265.9	\$276.0	\$68.9	\$166.1	\$133.7	\$32.4	\$26.0	\$15.1
Montgomery County	\$120.5	\$127.8	\$42.0	\$57.6	\$48.2	\$9.3	\$21.2	\$7.0
Prince George's County	<u>\$159.3</u>	<u>\$159.4</u>	<u>\$34.8</u>	<u>\$76.7</u>	<u>\$53.7</u>	<u>\$23.0</u>	<u>\$40.3</u>	<u>\$7.6</u>
Maryland Total	\$279.7	\$287.1	\$76.8	\$134.2	\$101.9	\$32.3	\$61.5	\$14.6
City of Alexandria	\$25.4	\$27.5	\$9.8	\$16.2	\$14.8	\$1.5	\$0.9	\$0.6
Arlington County	\$42.8	\$47.1	\$19.8	\$25.1	\$24.4	\$0.8	\$1.0	\$1.2
City of Fairfax	\$1.4	\$1.6	\$0.7	\$0.6	\$0.6	\$0.0	\$0.3	\$0.0
Fairfax County	\$89.3	\$96.5	\$34.2	\$49.2	\$41.8	\$7.5	\$11.8	\$1.4
City of Falls Church	<u>\$1.9</u>	<u>\$2.2</u>	<u>\$0.6</u>	<u>\$1.3</u>	<u>\$1.3</u>	<u>\$0.0</u>	<u>\$0.1</u>	<u>\$0.1</u>
Virginia	\$160.9	\$174.9	\$65.1	\$92.5	\$82.8	\$9.7	\$14.1	\$3.2
Total Subsidy	\$706.5	\$738.0	\$210.7	\$392.8	\$318.4	\$74.3	\$101.5	\$33.0

***Allocation as of January 6, 2012***



# CAPITAL SUBSIDY BY JURISDICTION ( in Millions)

	<b>FY2014 Proposed</b>
<b>Formula Match and System Performance</b>	
District of Columbia	<b>\$ 74.2</b>
Montgomery County	<b>35.1</b>
Prince George's County	<b>35.4</b>
Maryland Subtotal	<b>70.4</b>
City of Alexandria	<b>8.9</b>
Arlington County	<b>16.3</b>
City of Fairfax	<b>0.5</b>
Fairfax County	<b>29.1</b>
City of Falls Church	<b>0.7</b>
Virginia Subtotal	<b>55.4</b>
Subtotal Formula Match & System Performance	<b>200.1</b>
<b>State and Local PRIIA</b>	
District of Columbia	<b>56.3</b>
State of Maryland	<b>56.3</b>
Commonwealth of Virginia	<b>56.3</b>
Subtotal State and Local PRIIA	<b>168.9</b>
<b>Other State and Local</b>	
Match to Federal Bus Grants	<b>1.5</b>
Match to State of Good Repair Grant	<b>0.6</b>
Subtotal Other Sources	<b>2.1</b>
<b>Total</b>	<b>\$ 371.1</b>



**Finance & Administration Committee**

**Item IV**

**January 10, 2013**

**Subsequent Finance & Administration  
Committee Agenda**

## Subsequent Finance & Administration Committee Agenda



**February 14, 2013**

**I. Action Item**

- A. Approval of the Public Hearing Staff Report for the Proposed Southern Avenue Bus Garage Replacement (J. Thomas)

**II. Information Item**

- A. Pension Assessment Discussion (C. Kissal)

**March 14, 2013**

**I. Information Item**

- A. 2<sup>nd</sup> Quarter Capital and Operating Reports (C. Kissal)

**April 11, 2013**

**I. Action Item**

- A. Approval of Public Outreach Results & FY2014 Budget (C. Kissal)

**Washington  
Metropolitan Area  
Transit Authority**

600 Fifth Street, NW  
Washington, DC 20001  
202/962-1234

By Metrorail:  
Judiciary Square—Red  
Line  
Gallery Place-Chinatown—  
Red, Green and  
Yellow Lines  
By Metrobus:  
Routes D1, D3, D6, P6,  
70, 71, 80, X2

*A District of Columbia,  
Maryland and Virginia  
Transit Partnership*